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Statement before
The Transportation Committee
Wednesday, February 20, 2013

RE: HB 6031 AAC The Operation of a Motor Bus, Taxicab, Motor Vehicle in Livery Service or Motor Vehicle in the Transportation of Household Goods

Sen. Maynard, Rep. Guerrera and members of the Transportation Committee, my name is Jean Cronin and I am the Executive Director of the Connecticut Bus Association, a statewide trade organization representing Connecticut's charter bus companies. I am here today to speak in opposition of HB 6031 AAC The Operation of a Motor Bus, Taxicab, Motor Vehicle in Livery Service or Motor Vehicle in the Transportation of Household Goods.

This bill would eliminate any requirement that a person, association, limited liability company or corporation obtain a certificate of public convenience and necessity from the Department of Transportation prior to operating a motor bus, taxicab, motor vehicle in livery service or motor vehicle in the transportation of household goods for hire. While I cannot speak to the other industries listed here, I can address the reason why the motor bus industry has and needs such a certificate. Among other things the current system prevents wasteful duplication of services; prevents ruinous competition; ensures that regulated entities will continue to serve out of the way customers; and promotes private investment in public service industries.

In August 1980, the Department of Transportation issued a three part report discussing the history and current status of the transportation system in Connecticut. The report traces the history of regulation of mass transportation in Connecticut back to 1853. Included in the report was a section on the history and regulation of bus transit in Connecticut. In 1921 the Public Utilities Commission (PUC) (the predecessor to the Department of Public Utility Control, now known as the Public Utility Regulatory Authority) was expanded to include the regulation of motor buses.

Although the current statute requiring a motor bus company to obtain a certificate of public convenience and necessity dates to 1949 many of the current certificates issued under an earlier statute date back as far as the 1920's or even earlier. Bus operators had to obtain a certificate of public convenience and necessity to operate a route and pay for the right to operate each route.

Bus routes, fares, speeds, schedules, continuity of services and the convenience and safety of passengers and the public had to be approved by the Public Utilities

Commission, with input by the various municipalities through which the route operated. The motor bus industry was heavily regulated to protect the public interest and prevent price gouging and manipulation of a needed public service.

There were no public transit operations in those days. The routes were run by family companies that are still operating today such as Post Road Stages, DATTCO, Kelley Transportation, New Britain Transportation and Arrow Line (now owned by Peter Pan). These companies obtained certificates of public convenience and necessity and purchased the rights to operate various transportation routes throughout central Connecticut. In fact, these companies still operate these routes today as commuter runs for DOT.

Back in the 1970s, the Connecticut Company sold its various routes to the State of Connecticut, which began operating its own transportation network, known today as Connecticut Transit.

In 1979, the regulation of the motor bus industry was transferred from the Public Utilities Commission to the Department of Transportation, where it remains today. These regularly operated routes, also known as commuter runs, are part of the vast public transportation network in Connecticut. The fares on all of these routes are subsidized by the state so that they are affordable to the travelers who ride them.

Because of the transportation subsidy that the state provides, it is necessary that the state control the number of providers allowed to provide service on a given route otherwise it is not be cost effective to run. Many of these routes and their respective schedules are established as a convenience to the public to certain downtown areas for employment or major shopping areas, not because they are profitable.

Eliminating the certificate of public convenience and necessity could wreak havoc with the state's bus transportation system as a private company could "cherry pick" the more populous portions of a state subsidized route, leaving the farthest outlying passengers behind. This would destabilize the route and require further subsidies and cost, or result in the cancellation of the service altogether.

The accessibility of affordable transportation for residents to get to work has been a core principle behind the establishment of DOT transit lines and commuter runs for years. This bill would put that principle in jeopardy.

In addition, the system set up by the State which established Certificates of Public Convenience and Necessity created franchises and the companies that I mentioned previously have established routes for which they have exclusive rights. The Connecticut Supreme Court in *Gray Line Bus Company v. Greater Bridgeport Transit District*, 188 Conn. 417, 423 (1982) held that "a profitable franchise has been recognized as a property right entitled to constitutional protection." Once a property right has been established it cannot be legislated away. The proposed legislation does not address the impact on motor bus companies who currently hold these certificates. Simply dropping the requirement for

holding a certificate of public convenience and necessity would amount to a taking of the current certificates without just compensation.

The current system has allowed these Connecticut companies to remain in business, and to employ many thousands of for almost a hundred years. Can we say that a system without the certificates will be as effective?

The Connecticut Bus Association respectfully asks the Transportation Committee to reject this legislation.